

# **Monticello School District No. 18**

**Drew County, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**June 30, 2021**



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DREW COUNTY, ARKANSAS  
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# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Nelda Speaks**  
House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## **LEGISLATIVE JOINT AUDITING COMMITTEE** **ARKANSAS LEGISLATIVE AUDIT**

### **INDEPENDENT AUDITOR'S REPORT**

Monticello School District No. 18 and School Board Members  
Legislative Joint Auditing Committee

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Monticello School District No. 18 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or the changes in financial position for the year then ended.

### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

### ***Emphasis of Matter***

As discussed in Note 1C to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years – Regulatory Basis are presented for the purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

Little Rock, Arkansas  
April 5, 2022  
EDSD11221

# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Nelda Speaks**  
House Vice Chair

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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

### INDEPENDENT AUDITOR'S REPORT

Monticello School District No. 18 and School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Monticello School District No. 18 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated April 5, 2022. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
April 5, 2022

# Arkansas

**Sen. Ronald Caldwell**  
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**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## **LEGISLATIVE JOINT AUDITING COMMITTEE** **ARKANSAS LEGISLATIVE AUDIT**

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

Monticello School District No. 18 and School Board Members  
Legislative Joint Auditing Committee

#### **Report on Compliance for Each Major Federal Program**

We have audited the Monticello School District No. 18's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

#### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
April 5, 2022



MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2021

Exhibit A

	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
ASSETS			
Cash	\$ 1,299,038		\$ 3,795,888
Investments	1,987,696		1,146,027
Accounts receivable	6,773	\$ 931,147	1,152
Due from other funds	642,801		
Deposit with paying agent	1,787		59,159
<b>TOTAL ASSETS</b>	<b>\$ 3,938,095</b>	<b>\$ 931,147</b>	<b>\$ 5,002,226</b>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 72,345	\$ 657	
Due to other funds		642,801	
Total Liabilities	72,345	643,458	
Fund Balances:			
Nonspendable	1,787		\$ 59,159
Restricted	532,603	287,689	63,159
Assigned	405,735		4,879,908
Unassigned	2,925,625		
Total Fund Balances	3,865,750	287,689	5,002,226
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,938,095</b>	<b>\$ 931,147</b>	<b>\$ 5,002,226</b>

The accompanying notes are an integral part of these financial statements.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 5,694,784		
State assistance	12,102,584	\$ 4,361	
Federal assistance	500	3,860,778	
Activity revenues	245,917		
Meal sales		16,963	
Investment income	38,727		\$ 14,327
Other revenues	134,563	67,500	
<b>TOTAL REVENUES</b>	<b>18,217,075</b>	<b>3,949,602</b>	<b>14,327</b>
EXPENDITURES			
Regular programs	6,612,900	130,537	
Special education	1,071,476	290,590	
Career education programs	711,729		
Compensatory education programs	209,436	669,808	
Other instructional programs	479,414	6,975	
Student support services	752,618	298,432	
Instructional staff support services	738,134	1,197,497	
General administration support services	267,945	73,058	
School administration support services	1,076,511		
Central services support services	491,613	3,810	
Operation and maintenance of plant services	1,972,648	88,232	
Student transportation services	535,383	18,106	
Other support services	29,298		
Food services operations	1,000	911,419	
Community services operations	207	90	
Facilities acquisition and construction services			1,840
Non-programmed costs	56,642	25,183	
Activity expenditures	246,374		
Debt Service:			
Principal retirement	21,441		940,000
Interest and fiscal charges			133,949
<b>TOTAL EXPENDITURES</b>	<b>15,274,769</b>	<b>3,713,737</b>	<b>1,075,789</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,942,306</b>	<b>235,865</b>	<b>(1,061,462)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			2,968,444
Transfers out	(2,968,444)		
Refund to grantor	(59,818)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,028,262)</b>		<b>2,968,444</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(85,956)</b>	<b>235,865</b>	<b>1,906,982</b>
<b>FUND BALANCES - JULY 1 - RESTATED</b>	<b>3,951,706</b>	<b>51,824</b>	<b>3,095,244</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,865,750</b>	<b>\$ 287,689</b>	<b>\$ 5,002,226</b>

The accompanying notes are an integral part of these financial statements.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 5,285,000	\$ 5,694,784	\$ 409,784			
State assistance	11,775,114	12,102,584	327,470	\$ 4,500	\$ 4,361	\$ (139)
Federal assistance		500	500	3,140,592	3,860,778	720,186
Activity revenues	209,732	245,917	36,185			
Meal sales				97,993	16,963	(81,030)
Investment income	60,000	38,727	(21,273)			
Other revenues	390,000	134,563	(255,437)		67,500	67,500
<b>TOTAL REVENUES</b>	<b>17,719,846</b>	<b>18,217,075</b>	<b>497,229</b>	<b>3,243,085</b>	<b>3,949,602</b>	<b>706,517</b>
EXPENDITURES						
Regular programs	6,737,643	6,612,900	124,743		130,537	(130,537)
Special education	920,555	1,071,476	(150,921)	250,661	290,590	(39,929)
Career education programs	819,468	711,729	107,739			
Compensatory education programs	192,539	209,436	(16,897)	902,317	669,808	232,509
Other instructional programs	465,738	479,414	(13,676)	10,000	6,975	3,025
Student support services	731,544	752,618	(21,074)	293,949	298,432	(4,483)
Instructional staff support services	879,409	738,134	141,275	731,087	1,197,497	(466,410)
General administration support services	279,896	267,945	11,951	73,174	73,058	116
School administration support services	1,113,241	1,076,511	36,730			
Central services support services	537,128	491,613	45,515	13,000	3,810	9,190
Operation and maintenance of plant services	2,102,459	1,972,648	129,811	151,385	88,232	63,153
Student transportation services	825,527	535,383	290,144	12,000	18,106	(6,106)
Other support services	35,000	29,298	5,702			
Food services operations		1,000	(1,000)	866,102	911,419	(45,317)
Community services operations	1,308	207	1,101	1,000	90	910
Non-programmed costs		56,642	(56,642)	32,519	25,183	7,336
Activity expenditures	157,800	246,374	(88,574)			
Debt Service:						
Principal retirement	12,000	21,441	(9,441)			
<b>TOTAL EXPENDITURES</b>	<b>15,811,255</b>	<b>15,274,769</b>	<b>536,486</b>	<b>3,337,194</b>	<b>3,713,737</b>	<b>(376,543)</b>

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,908,591	\$ 2,942,306	\$ 1,033,715	\$ (94,109)	\$ 235,865	\$ 329,974
OTHER FINANCING SOURCES (USES)						
Transfers in	20,718,865		(20,718,865)	175,087		(175,087)
Transfers out	(21,871,356)	(2,968,444)	18,902,912	(62,631)		62,631
Refund to grantor		(59,818)	(59,818)			
TOTAL OTHER FINANCING SOURCES (USES)	(1,152,491)	(3,028,262)	(1,875,771)	112,456		(112,456)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	756,100	(85,956)	(842,056)	18,347	235,865	217,518
FUND BALANCES - JULY 1 RESTATED	3,982,335	3,951,706	(30,629)	17,683	51,824	34,141
FUND BALANCES - JUNE 30	\$ 4,738,435	\$ 3,865,750	\$ (872,685)	\$ 36,030	\$ 287,689	\$ 251,659

The accompanying notes are an integral part of these financial statements.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Education, a five member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Monticello School District (District). There are no component units.

**B. Description of Funds**

Major governmental funds (per the regulatory basis of accounting) are defined as General and Special Revenue.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

Other governmental funds, presented in the aggregate, consist of the following:

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**C. Measurement Focus and Basis of Accounting**

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c) and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds, and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the Balance Sheet – Regulatory Basis. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose funds will be reflected in the notes to financial statements.

**D. Revenue Recognition Policies**

Revenues are recognized when they become susceptible to accrual in accordance with the RBA, except for property taxes (see Note 1 F below).

**E. Capital Assets**

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/infrastructure	7 - 25
Buildings	25 - 50
Equipment	5 - 20

**F. Property Taxes**

Property taxes are levied (tax rates are established) in November of each year based on property assessment (real and personal) that occurred within a specific period of time beginning January 1 of the same year. Property taxes are collectible beginning the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Amendment no. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Ark. Code Ann. § 26-80-101 provides the uniform rate of tax (URT) shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the URT shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

**G. Interfund Receivables and Payables**

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fund Balance Classifications**

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**I. Budget and Budgetary Accounting**

The District is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The District does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the school districts employ the cash basis method.

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the applicable fund financial statements is essentially the same.

**J. Stabilization Arrangements**

The District's Board of Education has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

**K. Minimum Fund Balance Policies**

The District's Board of Education has not formally adopted a minimum fund balance policy.

**L. Fund Balance Classification Policies and Procedures**

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The District's Board of Education has not adopted a formal policy addressing this authorization.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Fund Balance Classification Policies and Procedures (Continued)**

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

**M. Encumbrances**

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 500,000	\$ 500,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>7,728,644</u>	<u>9,243,244</u>
Total Deposits	<u><u>\$ 8,228,644</u></u>	<u><u>\$ 9,743,244</u></u>

The above total deposits do not include cash on hand of \$5. The above total deposits include certificates of deposit of \$3,133,723 reported as investments and classified as nonparticipating contracts.



MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 were comprised of the following:

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Federal assistance		\$ 931,147	
Investment income	\$ 1,404		\$ 1,152
Other	5,369		
Totals	<u>\$ 6,773</u>	<u>\$ 931,147</u>	<u>\$ 1,152</u>

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2021:

A. Operating Lease (noncapital lease with initial noncancellable lease terms in excess of one year)

General description of lease and leasing arrangements: On September 29, 2016 the District executed an operating lease for 59 copiers. The agreement stipulated monthly lease payments of \$2,609 plus tax for 60 months.

1. Future minimum rental payments (aggregate) at June 30, 2021: \$7,826
2. Future minimum rental payments for the succeeding years:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	<u>\$ 7,826</u>

Rental payments for the operating lease described above were approximately \$31,305 for the year ended June 30, 2021.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

**B. Long-term Debt Issued and Outstanding**

The District is presently paying on the following long-term debt:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities To June 30, 2021</u>
<b><u>Bonds</u></b>					
7/1/14	1/1/28	1 - 2.25%	\$ 8,405,000	\$ 3,965,000	\$ 4,440,000
7/7/16	1/1/28	1 - 1.85%	2,770,000	1,745,000	1,025,000
Total Bonds			<u>11,175,000</u>	<u>5,710,000</u>	<u>5,465,000</u>
<b><u>Direct Borrowings</u></b>					
8/12/18	9/6/23	0%	107,204	46,455	60,749
Total Long-Term Debt			<u>\$ 11,282,204</u>	<u>\$ 5,756,455</u>	<u>\$ 5,525,749</u>

Changes in Long-term Debt

	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Bonds payable	\$ 6,650,000		\$ 940,000	\$ 5,710,000
<b><u>Direct Borrowings</u></b>				
Capital lease	<u>67,896</u>		<u>21,441</u>	<u>46,455</u>
Total Long-Term Debt	<u>\$ 6,717,896</u>	<u>\$ 0</u>	<u>\$ 961,441</u>	<u>\$ 5,756,455</u>

Future Principal and Interest Payments

<u>Year Ended June 30,</u>	<u>Bonds</u>			<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 960,000	\$ 117,544	\$1,077,544	\$ 21,441		\$ 21,441
2023	975,000	100,144	1,075,144	21,441		21,441
2024	990,000	82,236	1,072,236	3,573		3,573
2025	1,005,000	61,921	1,066,921			
2026	950,000	39,124	989,124			
2027-2028	830,000	26,551	856,551			
Totals	<u>\$ 5,710,000</u>	<u>\$ 427,520</u>	<u>\$ 6,137,520</u>	<u>\$ 46,455</u>	<u>\$ 0</u>	<u>\$ 46,455</u>

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

**B. Long-term Debt Issued and Outstanding (Continued)**

Capital Lease

Capital assets acquired through a capital lease consisted of the following at June 30, 2021:

Class of Property	Cost	Accumulated Depreciation	Net Value
Phone System	\$ 107,204	\$ 31,268	\$ 75,936

The present value of the net minimum lease payments is as follows at June 30, 2021:

Total Minimum Lease Payments	\$ 46,455
Less: Amount Representing Interest	_____
Total Present Value of Net Minimum Lease Payments	\$ 46,455

Security for Debt Payments

Ark. Code Ann. § 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Division of Elementary and Secondary Education (DESE). Depending on the date of the bond issue, DESE will recover the full amount of any delinquency payment through the withholding of a school district's state funding or a direct payment from the school district. There were no delinquent bond payments incurred by the District during the audit period.

**C. Memorandum of Understanding**

The Drew County Tax Assessor erroneously assigned the ad valorem tax revenue from real estate and personal property of Hood Packaging Corporation for the calendar years 2007 through 2015 to the Monticello School District (MSD) instead of Drew Central School District (DCSD). In resolution of the error, MSD and DCSD entered into an agreement whereby MSD would refund DCSD the ad valorem tax revenue in the amount of \$339,856. Payments were to be made in six annual installments beginning on or before November 18, 2018 and ending on or before November 15, 2023. Scheduled payments included five installments of \$56,643 during the fiscal years 2019 through 2023 and a final installment of \$56,641 in fiscal year 2024. As of the fiscal year ending June 30, 2021, \$169,928 has been paid.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at June 30, 2021 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 12,527	\$ 657
Due to grantors	59,818	
Totals	<u>\$ 72,345</u>	<u>\$ 657</u>

**6: INTERFUND TRANSFERS**

The District transferred \$2,968,444 from the general fund to the other aggregate fund for debt-related payments of \$1,066,444 and \$1,902,000 for future capital projects.

**7: RETIREMENT PLAN**

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877, or by visiting the ATRS website at [www.artrs.gov](http://www.artrs.gov).

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.50% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.50% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2021 were \$1,532,727, equal to the required contributions. Additionally, the Arkansas Division of Elementary and Secondary Education (DESE) paid retirement contributions to ATRS for certain employees of the District's Southeast Arkansas Community Based Education Center, a secondary area center for career and technical education. DESE's contribution for the year ended June 30, 2021 was \$67,972.

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2020 (actuarial valuation date and measurement date) was \$20,152,590.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**8: PRIOR YEAR RESTATEMENT**

The general fund beginning fund balance was increased by \$350,037 due to the reclassification of custodial fund activity accounts previously reported as fiduciary types.

**9: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$11,175,000 issued from July 1, 2014 through July 7, 2016. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$6,137,520, payable through January 1, 2028. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,072,554 and \$2,126,624, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 50.43 percent.

**10: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for business trip accidental death and dismemberment, board liability, and student accident coverages.

The District participates in the Arkansas School Boards Association – Workers' Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994 pursuant to state law. The Trust is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member districts. The District contributes annually to this program.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

The District participates in the Arkansas Public School Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer, on behalf of member districts, a program of insurance to obtain lower costs for property and vehicles coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The District pays an annual premium for its coverage of buildings, contents, and vehicles.

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

**11: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$361,779 for the year ended June 30, 2021.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**12: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE**

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Nonspendable:			
Deposit with paying agent	\$ 1,787		\$ 59,159
Restricted for:			
Alternative learning environment	7,965		
Enhanced student achievement funding	47,052		
English-language learners	1,590		
Professional development	26,938		
Capital projects			63,159
Child nutrition programs		\$ 228,421	
Medical services		41,168	
Special education programs	144,134		
Secondary career centers	189,420		
Other purposes	115,504	18,100	
Total Restricted	<u>532,603</u>	<u>287,689</u>	<u>63,159</u>
Assigned to:			
Capital projects			4,879,908
Student activities	401,851		
Other purposes	3,884		
Total Assigned	<u>405,735</u>		<u>4,879,908</u>
Unassigned	<u>2,925,625</u>		
Totals	<u>\$3,865,750</u>	<u>\$ 287,689</u>	<u>\$ 5,002,226</u>

**13: SUBSEQUENT EVENTS**

The District entered into construction contracts for the following:

- September 16, 2021: Intermediate School Re-Roofing Project for \$581,813
- November 23, 2021: HVAC upgrade for \$209,500
- February 25, 2022: Elementary School Re-Roofing Project for \$388,516
- March 17, 2022: Elementary and Intermediate Schools HVAC upgrade for \$957,194.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 645,947
Construction in progress	1,800
Total nondepreciable capital assets	<u>647,747</u>
Depreciable capital assets:	
Buildings	22,962,970
Improvements/infrastructure	9,515,088
Equipment	7,317,603
Total depreciable capital assets	<u>39,795,661</u>
Less accumulated depreciation for:	
Buildings	11,842,144
Improvements/infrastructure	5,076,537
Equipment	6,245,690
Total accumulated depreciation	<u>23,164,371</u>
Total depreciable capital assets, net	<u>16,631,290</u>
Capital assets, net	<u><u>\$ 17,279,037</u></u>

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	2203		\$ 352,027
National School Lunch Program (Note 3)	10.555			30,801
Arkansas Department of Education - National School Lunch Program	10.555	2203		395,125
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	2203000		27,566
Total for National School Lunch Program				453,492
Total U. S. Department of Agriculture				805,519
<b>TOTAL CHILD NUTRITION CLUSTER</b>				805,519
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	2203		369,308
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	2203		76,839
Total U. S. Department of Education				446,147
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				446,147
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Agriculture - Specialty Crop Block Grant Program - Farm Bill	10.170	2203		500
Total U. S. Department of Agriculture				500
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	2203		91,534
Total U.S. Department of the Treasury				91,534
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	2203		1,033,021
Total Education Stabilization Fund				1,033,021
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	2203		781,876
Arkansas Department of Education - Twenty-First Century Community Learning Centers	84.287C	2203		172,905
Arkansas Department of Education - Rural Education	84.358B	2203		35,911
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	2203		66,156
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	2203		50,310
Total U. S. Department of Education				2,140,179
<u>U. S. Department of Health and Human Services</u>				
Arkansas Hunger Relief Alliance - Temporary Assistance for Needy Families	93.558	not available		17,000
Total U. S. Department of Health and Human Services				17,000
<b>TOTAL OTHER PROGRAMS</b>				2,249,213
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 0	\$ 3,500,879

The accompanying notes are an integral part of this schedule.



MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Monticello School District No. 18 (District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 6: During the year ended June 30, 2021, the District received Medicaid funding of \$97,769 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 3

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse  
Regulatory basis - unmodified

Internal control over financial reporting:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	none reported
Noncompliance material to financial statements noted?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no

**FEDERAL AWARDS**

Internal control over major federal programs:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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Identification of major federal programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster
84.425D	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:

\$	<u>750,000</u>
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Auditee qualified as low-risk auditee?

<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.



# MONTICELLO SCHOOL DISTRICT

935 SCOGIN DRIVE MONTICELLO, AR 71655

870-367-4000 PHONE 870-367-1531 FAX

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2021**

### **FINANCIAL STATEMENT FINDINGS**

There were no findings in the prior audit.

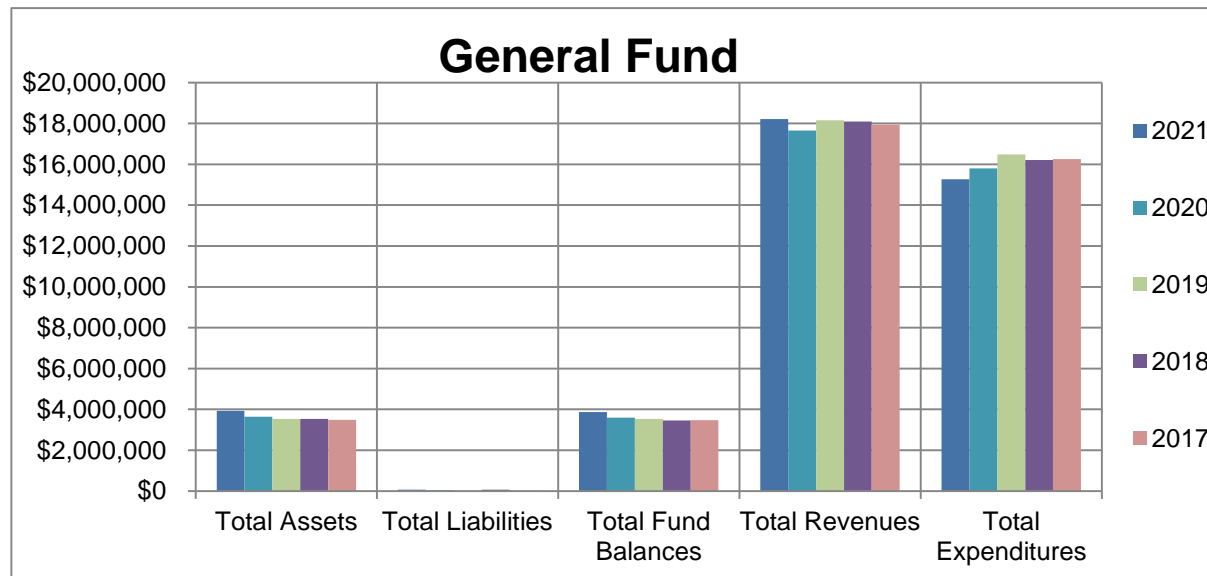
### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit.

MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 5

<b>General Fund</b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 3,938,095	\$ 3,639,512	\$ 3,541,896	\$ 3,529,155	\$ 3,497,450
Total Liabilities	72,345	37,843	12,259	71,849	24,987
Total Fund Balances	3,865,750	3,601,669	3,529,637	3,457,306	3,472,463
Total Revenues	18,217,075	17,660,287	18,148,763	18,097,882	17,937,665
Total Expenditures	15,274,769	15,801,527	16,480,648	16,217,385	16,252,570
Total Other Financing Sources (Uses)	(3,028,262)	(1,786,728)	(1,595,784)	(1,895,654)	(1,715,974)



## MONTICELLO SCHOOL DISTRICT NO. 18

## DREW COUNTY, ARKANSAS

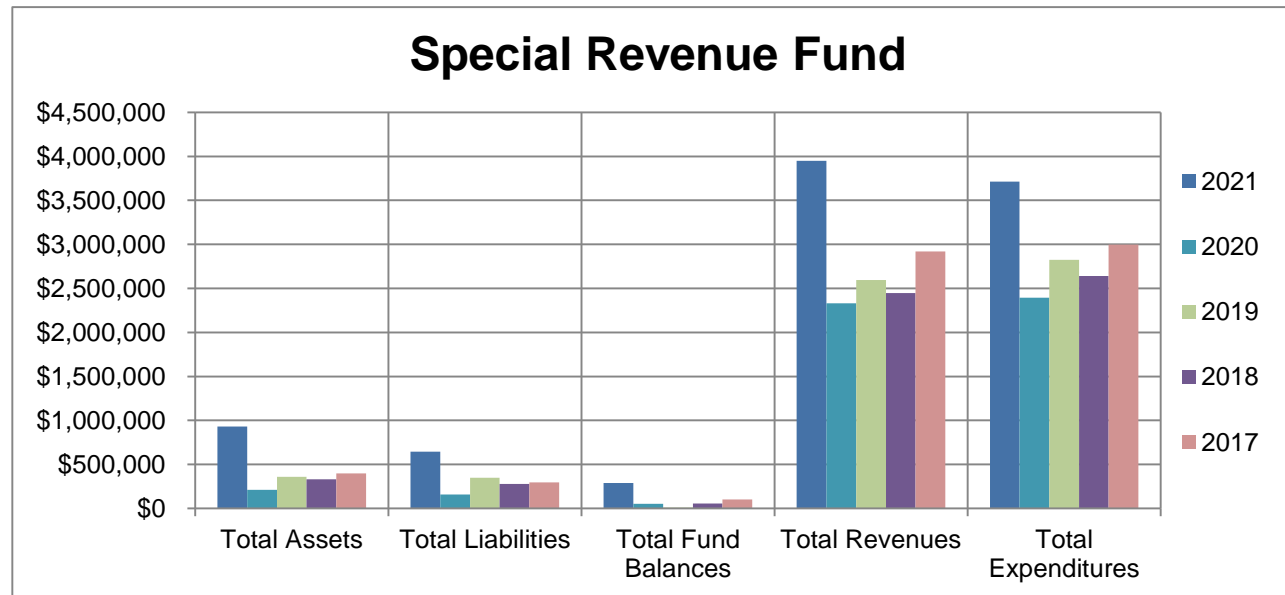
## Schedule 5

## SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2021

(Unaudited)

<b><u>Special Revenue Fund</u></b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 931,147	\$ 210,409	\$ 358,199	\$ 330,597	\$ 396,574
Total Liabilities	643,458	158,585	349,797	276,454	294,079
Total Fund Balances	287,689	51,824	8,402	54,143	102,495
Total Revenues	3,949,602	2,332,095	2,594,464	2,448,727	2,919,665
Total Expenditures	3,713,737	2,393,250	2,826,005	2,641,444	2,996,002
Total Other Financing Sources (Uses)		104,577	185,800	144,365	113,400



MONTICELLO SCHOOL DISTRICT NO. 18  
DREW COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 5

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 5,002,226	\$ 3,095,244	\$ 2,644,421	\$ 2,535,472	\$ 2,063,082
Total Liabilities					
Total Fund Balances	5,002,226	3,095,244	2,644,421	2,535,472	2,063,082
Total Revenues	14,327	26,512	19,806	6,494	7,535
Total Expenditures	1,075,789	1,341,041	1,428,045	1,256,268	1,068,896
Total Other Financing Sources (Uses)	2,968,444	1,765,352	1,517,188	1,722,164	1,663,667

